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GAIN Report

Global Agricultural Information Network

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Report Highlights:

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This Week in Canadian Agriculture is a review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press article summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

Glencore Takeover of Viterra Clears Hurdles: The Glencore takeover of Canada's largest grain company, Viterra, has completed several hurdles in its approval process in the last week. Glencore released a press statement on May 4, 2012, stating that it had received a "No Action Letter" from the Canadian Commissioner of Competition indicating that she does not intend to oppose the completion of the previously announced acquisition of Viterra by Glencore. The Competition Bureau is an independent law enforcement agency responsible for the administration and enforcement of the several federal laws including the Competition Act, which is a federal law governing most business conduct in Canada. Glencore also stated in the press release that the waiting period in the United States under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act), as amended, has expired. Viterra has operations in the United States and the HSR Act provides that parties must not complete certain mergers, acquisitions or transfers of securities or assets, until they have made a detailed filing with the U.S. Federal Trade Commission and Department of Justice and waited for those agencies to determine that the transaction will not adversely affect U.S. commerce under the antitrust laws. The Saskatchewan government is also expected to release analysis it commissioned looking at the implications for Saskatchewan of the acquisition of Viterra. The report was due May 7, 2012, and is expected to be made public shortly.

The May 4, 2012 Glencore press release can be found at the following URL address:

http://www.glencore.com/documents/Competition_Bureau_No-action_letter_USA_04052012_Final.pdf

Sheep on the Lamb No Laughing Matter: On May 3, 2012, the Canadian Food Inspection Agency's (CFIA) Chief Veterinary Officer, Dr. Brian Evans, issued a press statement affirming CFIA's science-based approach to how Canada addresses potential outbreaks of scrapie, a fatal, degenerative prion disease that affects the nervous system of sheep and goats. This statement is in response to intense media attention resulting from an Ontario sheep farmer's very public fight with the CFIA over the destruction order for 31 of her heritage Shropshire sheep flock. Montana Jones, the Ontario sheep farmer, gained notoriety when the 31 quarantined sheep disappeared the eve of their scheduled destruction. A group calling themselves the "Farmer's Peace Corp" unlawfully removed the quarantined sheep during the night, leaving only a note stating that they have been taken into "protective custody" and would be returned when they were no longer in danger. On April 28, 2012, the CFIA issued a statement confirming that a sheep belonging to the quarantined farm had tested positive for scrapie.

This development is of serious concern to the industry. The Ontario Sheep Marketing Agency, the Canadian Sheep Federation, the Canadian Sheep Breeders Association and the Canadian Livestock Genetics Association have issued a joint statement regarding the missing sheep. In an open letter to the National Post published May 7, 2012, the organizations expressed their collective concern over the actions taken by the "Farmer's Peace Corp." The organizations warned that should the sheep not be returned, the survivability of the industry may be at stake as it could lead to the destruction of hundreds of potentially infected sheep and goats. CFIA executive director, Dr. Ian Alexander, has also been outspoken on the issue. In a letter to the National Post, he responds to the controversial sheep producer's critique of CFIA's abilities for managing scrapie. Dr. Alexander stated that the CFIA takes potential outbreaks of scrapie very seriously and follows stringent, science-based standards when responding to suspected or confirmed cases of scrapie. He reaffirmed his agency's goal of making sure it does not spread beyond the Jones's farm and working towards eradicating it from Canada, goals, he states, that are shared by the majority of sheep and goat producers across Canada.

The CFIA press release regarding how scrapie is addressed by the CFIA is available at the following URL address: <http://www.inspection.gc.ca/animals/cvo-international-standards/cvo-statements/scrapie-control/eng/1336050114883/1336057988281>. The CFIA's news release confirming the case of scrapie can be found at the following URL address: <http://www.inspection.gc.ca/animals/terrestrial-animals/diseases/reportable/scrapie/scrapie/eng/1335562749799/1335562940455>

Canadian Agricultural Biotechnology Company Seeking Canadian Approval for Non-Browning Apples: The Canadian Food Inspection Agency (CFIA) has received a submission from Okanagan Specialty Fruits Inc., an Canadian agricultural biotechnology company, seeking approval for unconfined environmental release for commercial planting purposes, livestock feed and food use for apple (*Malus x domestica*) events GD743 and GS784 which have been genetically engineered to be non-browning. Okanagan Specialty Fruits submitted a risk assessment petition for non-browning apples to the United States Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) in late 2010. This was the first petition that USDA has received for genetically modified apples. According to information posted on the company website, the non-browning effect is achieved by silencing the polyphenol oxidase enzyme. Okanagan Specialty Fruits believes that non-browning apples will help apples capture a segment of the fresh-cut produce market which it has eluded them due to, the company believes, the unappetizing appearance of apples that have been pre-cut. They will be marketed under the name "Arctic."

The CFIA and Health Canada are accepting comments by internet and phone. More information on this submission and how to comment are available at the following URL address: <http://www.inspection.gc.ca/plants/plants-with-novel-traits/notices-of-submission/okanagan-specialty-fruits-inc-/eng/1335141426301/1335142810470>. More information on the non-browning apples can be found on the company website: [Okanagan Specialty Fruits](http://www.okanagan-specialty-fruits.com).

Late April Freeze Hits Ontario Apple Orchards Hard: Early, warm spring weather conditions combined with an April freeze may have wiped out an estimated 80% of Ontario's apple crop. The industry is estimating the loss at more than 100 million dollars. A freeze in late April has killed or damaged the apple and peach blooms that had started early due to unseasonably warm temperatures in early April. This is the same drop in temperatures that affected apple growing areas in Michigan, New York, Pennsylvania and the New England states. The availability of cooler climate apples such as

McIntosh, Empire, Northern Spy and Courtland this fall is likely to be affected. The true extent of the damage will not be possible to assess until June.

Canada's Largest Food Retailer to Eliminate All Artificial Colors and Flavoring from Their President's Choice Product Lines: Loblaw's, Canada's largest food retailer, announced at the company's annual general meeting that they will be removing all artificial colors and flavoring from their "President's Choice" line of products in response to consumer shifts towards healthier eating. Loblaw's, which controls 40% of the Canadian food retail marketplace, has other products lines including the "No Name" brand which will be unaffected. Brands under the "President's Choice" products line that will be affected include the Blue Menu, Organics and Green brands which are all marketed as "health conscious" choices. This will policy decision will require reformulation. They are the first grocery chain in Canada to make this move.

Canada's Largest Quick Serve Restaurant Chain Follows MacDonald's Animal Welfare Initiatives: Tim Hortons Inc, Canada's biggest quick-serve restaurant chain, issued a press release on May 4, 2012, calling for the elimination of gestation stalls for cows and stated a commitment to sourcing 10% of the company's egg supply from more humane enriched hen housing system by the end of 2013. McDonald's Corp, under pressure from animal welfare groups, had made a similar announcement in February 2012, when it stated that it would start working with its suppliers to phase out the use of pig stalls. Tim Hortons Inc. stated their intention to give preferred sourcing to pork suppliers who provide clear, documented plans to phase out the use of gestational stalls and to egg suppliers that are working to phase in hen housing systems. They also stated that the next steps will be announced in early 2013 after reviewing industry plans and having further dialogue with egg and pork industries and other animal welfare stakeholders.

Tim Horton's press release is available at the following URL address:
<http://www.timhortons.com/ca/en/about/animal-welfare-initiatives.html>

Exchange Rate: Noon rate, May 10, 2012 (Bank of Canada): U.S. Dollar = C\$1.0015

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